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## Community & Economic Development & Trade Committee

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### HB 2632

**Brief Description:** Expanding the number of households living in the middle-income bracket.

**Sponsors:** Representatives Probst, Pettigrew, Green, Simpson, Kenney, Miloscia and Ormsby.

#### Brief Summary of Bill

- Requires several state agencies to adopt as a goal, and develop specific strategies for, increasing the percentage of households living in the middle-income bracket or above.
- Requires the Workforce Training and Education Coordinating Board (WTB) to rank agencies' strategies and report them to the Legislature annually.
- Requires Workforce Development Councils to develop ten year area comprehensive plans for workforce training and education that include the goal of increasing the percentage of middle-income bracket households.
- Requires the OFM to annually estimate the percentage of Washington residents with incomes in the middle-income bracket or above and the total state savings associated with incremental improvements in the percentage.

**Hearing Date:** 1/20/10

**Staff:** Meg VanSchoorl (786-7105).

#### **Background:**

*The Workforce Training and Education Coordinating Board (WTB) is responsible for planning, coordination, evaluation, policy analysis and recommending improvements to the state's training*

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

system. The WTB is required to develop a ten year state comprehensive plan for workforce training and education.

*The Department of Commerce* was created in 2009 as a successor agency to the Department of Community, Trade and Economic Development. Its adopted mission is to grow and improve jobs in Washington.

*The Employment Security Department (ESD)* administers unemployment compensation and employment services, and develops, administers, and disseminates state labor market information.

*The State Board for Community and Technical Colleges (SBCTC)* has general supervision and control over the state system of community and technical colleges. These institutions offer academic transfer courses, occupational education and training, and adult basic skills and literacy education.

*The Office of the Superintendent of Public Instruction (OSPI)* is the primary agency charged with overseeing the state's K-12 education system.

*The Department of Social and Health Services (DSHS)* integrates and coordinates activities that provide care for individuals who require financial assistance, institutional care, rehabilitation or other social services.

*Area workforce development councils (WDCs)* are 12 regional organizations that provide workforce development planning and coordination between education, training and employment efforts in their areas. They were formed under the federal Workforce Investment Act of 1998, Public Law 105-220.

*Federal Poverty Guidelines* are issued each year by the federal Department of Health and Human Services and used for administrative purposes, such as determining financial eligibility for certain federal programs.

### **Summary of Bill:**

The Legislature finds that in 1979, 51 percent of people were living in middle-income families compared with 42 percent in 2007, and that the current economic situation has likely worsened the decline. The Legislature intends to require state agencies to coordinate their work towards measurable results, move individuals from dependence into livable wage jobs, and begin a steady increase in the percentage of state households living in the middle-income bracket or above. Such an increase will strengthen society, reduce state expenditures by decreasing caseloads, and enhance state revenues by boosting personal incomes.

The SBCTC, the OSPI, the Department of Commerce, the ESD, and the DSHS are each required to adopt as an agency goal increasing the percentage of Washington households living in the middle-income bracket.

Each agency must include in its planning documents specific strategies related to its mission and programs to reach this goal. For example, the DSHS plan must include strategies focusing on

Temporary Assistance to Needy Families, WorkFirst, State General Assistance, and other relevant social service programs. The ESD plan must include strategies to recruit and retain more people into skills training leading to middle-income occupations and to provide income support during such training.

Each agency must submit these strategies to the WTB and the Office of Financial Management (OFM). Submittals are due by September 1 in even numbered years beginning in 2010, and by October 1 in odd-numbered years.

The WTB is required to review agency submissions, rank the strategies according to criteria it adopts, and report the rankings to the Legislature by November 1 in even-numbered years beginning in 2010, and by December 1 in odd-numbered years. The rankings must be developed at the same time as are progress reports on the state comprehensive plan for workforce training and education.

WDCs are each required to develop ten year area comprehensive plans for workforce training and education. The plans must be submitted to the WTB, and every four years, beginning on July 1, 2012, the WDCs must submit plan updates. The WTB must incorporate information from the area plans into the state comprehensive plan. The area and state plans must include goals to increase the percentage of households living in the middle-income bracket or above.

The OFM, in partnership with the WTB, is required to estimate annually the percentage of Washington residents with incomes in the middle-income bracket or higher. The OFM must also estimate the total state savings associated with incremental improvements in the percentage, such as caseload reductions and sales tax revenue increases. The findings must be reported to the Governor and relevant legislative committees.

"Middle income bracket" is defined as a family income above the 2009 federal poverty level for a family of four, adjusted annually for inflation. This definition does not preclude the use by agencies of additional program-specific measures.

**Appropriation:** None.

**Fiscal Note:** Requested on 1/14/2010.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.